



**Cincinnati Bell
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March 15, 1996

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D. C. 20554

In the Matter of:

Improving Commission Processes

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CC Docket No. 96-17

Dear Mr. Caton:

DOCKET FILE COPY ORIGINAL

Enclosed are an original and nine copies of the Comments of Cincinnati Bell Telephone in the above referenced proceeding. A duplicate original copy of this letter and attached Comments is also provided. Please date stamp this as acknowledgment of its receipt and return it. Questions regarding these Comments may be directed to Ms. Amy Collins at the above address or by telephone on (513) 397-1333.

Sincerely,

David L. Meier
Director - Legislative &
Regulatory Planning

cc: International Transcription Services

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

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OFFICE OF SECRETARY

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Improving Commission Processes) PP Docket No. 96-17
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COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

I. INTRODUCTION

Cincinnati Bell Telephone Company ("CBT"), an independent, mid-size local exchange carrier ("LEC"), submits these comments in response to the February 14, 1996 Notice of Inquiry ("NOI") in the above-captioned proceeding.¹ The Commission requests proposals and suggestions for streamlining its processes, eliminating redundancies, reducing waste, improving its delivery of services, and privatizing where appropriate.

CBT supports the Commission's efforts to further reduce and/or eliminate various regulatory requirements currently imposed on LECs, particularly in light of the recent enactment of the Telecommunications Act of 1996 (hereinafter the "Act").² The Act is based on several principles which should guide the Commission in its efforts to reform the current regulatory framework. Among these principles are (1) the presumption that all

¹ CBT also supports the comments being filed today in this proceeding by the United States Telephone Association ("USTA").

² In the Matter of FCC Reporting Requirements, CC Docket No. 96-23, Notice of Proposed Rulemaking, released February 27, 1996.

telecommunications carriers are to be treated in a nondiscriminatory manner; (2) that all regulation should be symmetrical; (3) that the overall goal of the regulator in the creation of a competitive environment should be less regulation; and (4) that all regulatory reform should be guided by public interest considerations. Regulatory reform should have as its goal the reduction of the administrative burden on the Commission, as well as all telecommunications providers, allowing more time to focus attention on the interests of consumers.

CBT believes that with the emergence of competition in the telecommunications market, it is unnecessary for the Commission to continue many current regulatory procedures. For instance, CBT believes that the Telecommunications Act calls into question whether rate of return, or any other rate-making restrictions, will be appropriate in a competitive environment. Rate of return regulation was implemented 100 years ago to act as a reasonable surrogate for competition. CBT submits that the need is questionable once competition has been introduced. Further, any inquiry into retargeting the authorized rate of return is premature and should await a review of the impact of the Telecommunications Act on the concept of rate of return or any other rate regulation.

Further, the Commission should streamline its procedures by eliminating the various reporting requirements discussed herein. If the Commission decides to keep certain regulatory reporting requirements, then it should consider increasing the threshold requirements triggering each such requirement. CBT urges the Commission to review its Part 69 Waiver request procedures, and to consider allowing companies to file and retrieve documents electronically on the same day that they are filed.

II. DISCUSSION

A. CBT Supports The Elimination Of The Need For Part 69 Waivers.

As outlined in CBT's comments filed in the Commission's recent Price Cap proceeding³, CBT supports the elimination of the need for Part 69 waivers for the introduction of new services or rate elements no matter the regulatory pricing plan under which an individual carrier operates. The Commission should also expeditiously begin proceedings to modify the Part 69 Rules to reflect the new marketplace envisioned by the Act. The Part 69 waiver process is unduly burdensome and restricts unnecessarily the introduction of new services.⁴ The introduction of new services should not require the two-step process of filing a waiver request and then completing the tariff review process. Part 69 waivers have become a major concern for LECs because of the length of time required to resolve waiver applications. In addition, competitors often use the Part 69 waiver process to delay the implementation of new services. The delay that the Part 69 waiver process causes in the introduction of new services to consumers is not in the public interest.

Adequate safeguards exist that mitigate the need for a Part 69 waiver process. Such safeguards include the tariff review process under Section 203 of the Communications Act, the authority to investigate and suspend under Section 204 of the Act and the authority to handle

³ CBT filed comments on December 11, 1995, In the Matter of Price Cap Performance Review for Local Exchange Carriers, CC Docket No.94-1.

⁴ USTA Comments, pp. 16-17; Bell Atlantic Comments, p. 9; US West Comments, pp. 21-22; Sprint Comments, p. 20; Time Warner Comments, p. 18, filed In the Matter of: Price Cap Performance Review for Local Exchange Carriers, CC Docket No. 94-1; Treatment for Operator Services Under Price Cap Regulation, CC Docket No. 93-124; Revisions to Price Cap Rules for AT&T, CC Docket No. 93-197.

complaints pursuant to Section 208 of the Act.⁵ Eliminating the need for Part 69 waivers will not only benefit consumers, but also reduce administrative burdens on the Commission and LECs as well.

B. CBT Opposes Additional Reporting Requirements For LECs.

With regard to new reporting requirements, the Commission should not initiate new regulations which place even more burdens on LECs. Recently, the Common Carrier Bureau invited comment on a proposed Telecommunications Access Provider Survey ("Survey"). The stated purpose of the Survey was to assist the Commission in measuring the amount of local access competition in a geographic area.⁶ The Survey would require both new and incumbent carriers, based on size, to submit up to three additional annual reports. If the Commission is going to impose such reporting requirements, then it must request the same information from all carriers. The Commission should reconsider imposing additional reporting requirements on carriers when they are already required to provide the information through other reports. CBT further encourages the Commission to streamline such efforts and coordinate such activities with the efforts of the states for measuring local competition.

⁵ USTA Comments, pp. 16-17, filed In the Matter of: Price Cap Performance Review for Local Exchange Carriers, CC Docket No. 94-1; Treatment for Operator Services Under Price Cap Regulation, CC Docket No. 93-124; Revisions to Price Cap Rules for AT&T, CC Docket No. 93-197.

⁶ See CBT comments filed on December 11, 1995, In the Matter of the Telecommunications Access Provider Survey, File No. CCB-IAD 95-110.

C. The Commission Should Increase Certain Threshold Limits For Reporting.

The Commission should amend Section 64.903(a) of the Commission's rules to increase the threshold requirement for filing Cost Allocation Manuals ("CAM").⁷ In its earlier petition, USTA requested that the threshold be increased from \$100 million to \$1 billion or more in annual operating revenues. CBT supports the proposal that only those carriers with annual operating revenues of more than \$1 billion should be required to file CAMs. These threshold limits on the requirements to file could also be extended to include ARMIS Reports, Form 492, Form 495A, Form 495B, and the TRS Fund Contribution to further streamline procedures and reduce burdens on the Commission, as well as on LECs. Sufficient safeguards exist to prevent any potential abuses (e.g. GAAP Accounting, SEC Filings, Foreign Corrupt Practices Act, internal audits, independent audits, and market pressures).

As an alternative measure, or until the Commission rules on USTA's petition, the Commission should require annual rather than quarterly CAM filings. Some state commissions have either reduced or eliminated their CAM requirements. The Public Service Commission of Kentucky ("PSCK") has exempted CBT from submitting quarterly CAM filings. CBT is only required to provide a current copy of its CAM to the PSCK upon request.⁸ As a general rule, the Public Utilities Commission of Ohio ("PUCO") requires copies of all reports filed with the Commission also be filed with the PUCO.

⁷ This is not a novel concept, in that USTA filed a petition on September 9, 1993 asking the Commission to take similar action.

⁸ Order released January 5, 1996 in Administrative Case No. 321, Separation of Costs of Regulated Telephone Service from Costs of Non-Regulated Activities.

D. CBT Supports The Use Of Electronic Filing.

CBT supports simplifying the filing process by permitting companies to file pleadings electronically (e.g. the Internet or by whatever means the Commission chooses). CBT is concerned, however, about the ability of outsiders to intercept, erase or change data sent in this manner. CBT is also concerned about the Commission's ability to keep confidential information from being accessed or downloaded electronically. The Commission must take appropriate security measures to secure the transmission and storage of electronic filings, as well as ensuring that confidential data remains inaccessible to the public.

E. The Commission Should Promote Less Regulation.

In today's competitive environment, in order for a business to survive and grow, it must offer the most reliable product and maintain the highest level of customer service possible. Businesses must be permitted to react to the competitive market in which they operate. Businesses which are not permitted to respond to customer needs are doomed to fail. Therefore, as the telecommunications industry becomes increasingly competitive, carriers must be permitted to respond in creative ways to the demands of the market. Thus, it should be the market which regulates telecommunications providers in a competitive environment, rather than a governmental body. Decreased regulation, combined with a minimal level of monitoring by the Commission will further the goal of allowing the market to regulate telecommunications providers in the new competitive environment.

F. The Commission Should Provide For A More Flexible Depreciation Prescription Process.

CBT supports USTA's request that the Commission give LECs the flexibility granted by the Telecommunications Act to use depreciation rates that more accurately reflect market conditions and that are consistent with the depreciation practices of other companies including the IXCs and wireless carriers.⁹ In its comments, USTA requests that the Commission rule on its pending petition for reconsideration in CC Docket No. 92-296.¹⁰ USTA therein requested that the Commission adopt the price cap carrier option and allow LECs the same flexibility that AT&T enjoyed when it was subject to price caps. In its comments filed on March 10, 1993 in CC Docket No. 92-296, USTA states that "simplification is an issue for both price cap carriers and rate of return carriers. Customer benefit will accrue from depreciation simplification for customers of both price cap and rate of return carriers."¹¹ USTA further argues that one depreciation procedure should be adopted for all companies.¹² By granting USTA's petition, the Commission would further reduce regulatory requirements for all carriers in setting their depreciation rates as well as reduce the regulatory burdens on the Commission.

CBT supports USTA's request. CBT also filed a petition in the same docket requesting the Commission to extend the ability to set depreciation rates to all carriers regardless of their

⁹ USTA Comments p. 4, In the Matter of Improving Commission Processes, PP Docket No. 96-17, released February 14, 1996.

¹⁰ Petition for Reconsideration filed by USTA in December, 1993.

¹¹ Comments of USTA, CC Docket No. 92-296, p. 5.

¹² Comments of USTA, CC Docket No. 92-296, p. 11.

form of regulation.¹³ The depreciation price cap carrier option suggestion by USTA could easily accommodate rate of return and optional incentive regulation carriers.

G. Uniform System of Accounts Rules

In May, 1994 USTA filed a petition for rulemaking proposing that the Commission amend Part 32 of its rules to eliminate detailed continuing property records for certain support asset accounts.¹⁴ USTA proposed that LECs be permitted to use a vintage amortization level (VAL) property record system in place of the continuing property records. When the assets in the VAL group are fully amortized, the assets and their associated reserves are removed from the LEC's books. CBT supports USTA's position to eliminate the detailed continuing property records.¹⁵

CBT also supports USTA's petition for rulemaking to amend Part 32 of the rules to increase the dollar limit for expensing the cost of individual items of equipment.¹⁶ In its petition, USTA requested that the Commission amend the rules to increase the expense limit of certain individual items of equipment from \$500 to \$2,000 and permit LECs to amortize the

¹³ CBT Petition for Reconsideration or in the Alternative, Reconsideration, CC Docket No. 92-296 filed December 6, 1993.

¹⁴ USTA Petition for Rulemaking to Amend Part 32 of the Commission's Rules to Eliminate Detailed Property Records for Certain Support Assets, filed May 31, 1994.

¹⁵ CBT filed comments supporting USTA's petition on July 5, 1995.

¹⁶ CBT filed comments July 24, 1995 supporting USTA's petition; Revision to Amend Part 32 Universal System of Accounts for Class A and Class B Telephone Companies to Raise the Expense Limit for Certain Items of Equipment from \$500 to \$750, CC Docket No. 95-60.

previously capitalized undepreciated investment over a three-to-five year period beginning January 1, 1995.¹⁷ Increasing this limit will reduce regulatory burdens on both the LECs and the Commission.

III. CONCLUSION

CBT supports the Commission's efforts to streamline its operations in order to meet its customers needs. CBT also supports the elimination of the need for Part 69 waivers, increasing the filing threshold for regulatory filings, and the electronic filing of documents at the Commission. Further, the Commission should act to decrease the regulatory burden on LECs, to adopt the price cap carrier option for depreciation rates for all carriers regardless of their form of regulation, to revisit rate of return procedures and delay represcription, and to remove unnecessary additional reporting requirements for measuring local access competition.

Respectfully submitted,

FROST & JACOBS

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Dated: March 15, 1996

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¹⁷ USTA Petition for Rulemaking to Amend Part 32 of the Commission's Rules, Uniform System of Accounts for Class A and Class B Telephone Companies to Increase the Dollar Limit for Expensing the Cost of Individual Items of Equipment (RM 8448) filed March 1, 1994.